

TESTIMONY OF
BENJAMIN H. GRUMBLES
ASSISTANT ADMINISTRATOR
OFFICE OF WATER
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
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Madam Chair and members of the Subcommittee, I am Benjamin H. Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency. Thank you for the opportunity to discuss the President's Fiscal Year 2009 budget request for EPA's National Water Program. The request is over \$ 2.5 billion or 35 percent of the Agency's overall budget, and will allow us, along with our State, Tribal and local partners, to make continued progress in ensuring America's waters are clean, safe and secure.

Over the past year, EPA's Office of Water has made considerable progress in protecting and improving water quality and advancing sustainability in water infrastructure. EPA continues to work with our State partners to monitor surface water quality and strengthen water quality standards, develop and/or approve discharge permits, and reduce pollution from diffuse or non-point sources. Our activities have helped to restore polluted waters across the country. EPA's National Water Program is committed to promoting innovative, cost-effective practices, such as water quality trading

and permitting on a watershed basis to accelerate the pace of environmental protection while maintaining our country's economic competitiveness.

This budget supports EPA's continuing commitment to policies and programs that advance environmental protection as well as economic prosperity. In particular, this budget will help EPA to:

- restore and maintain waters across the country through State and Tribal CWA programs,
- continue to improve the health of the country's major coastal ecosystems,
- achieve a net increase of wetlands
- increase the population served by systems providing water that complies with drinking water standards, and
- implement a total of five water security infrastructure pilots.

Infrastructure Financing

Water infrastructure is a life-line for community health and prosperity. EPA remains committed to developing innovative, sustainable and market-based solutions for managing and financing infrastructure with public and private partners. While progress has been achieved, as emphasized in the recently published survey on water infrastructure needs, substantial reinvestment is still needed to sustain current levels of service and meet increasing future public health and environmental protection needs. To help close the gap and meet the new needs, EPA will continue to build on our well-established "Four Pillars of Sustainable Infrastructure Strategy" focused on: (1) advanced facility management practices, (2) full cost pricing, (3) water efficiency, and (4) a watershed approach. Although local ratepayers ultimately fund most wastewater and drinking water infrastructure needs, two programs, the Clean Water State Revolving

Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF), provide important mechanisms for helping State and local governments finance their water infrastructure needs.

The **Clean Water State Revolving Funds** (CWSRF) program provides funds to capitalize state revolving loan funds that finance infrastructure improvements for public wastewater systems and projects to improve water quality. State CWSRFs provide low interest loans to help finance wastewater treatment facilities and other water quality projects. Recognizing the substantial remaining need for wastewater infrastructure, with the \$555 million budget request for FY 2009, EPA will be on track to meet its total capitalization target of \$6.8 billion for 2004-2011. At this funding level, the CWSRF will provide an average of \$3.4 billion in loans annually.

The **Drinking Water State Revolving Funds** (DWSRF) program supports states in helping public water systems fund infrastructure improvements needed to protect public health and achieve or maintain compliance with the SDWA. The DWSRFs offer low-interest loans and other assistance to water systems to help provide safe, reliable water service on a sustainable basis. For FY 2009, the budget request of \$842 million for the DWSRF program will help to achieve the target of providing 445 additional infrastructure improvement projects to public water systems. The FY 2009 request also maintains the Administration's commitment to capitalize the DWSRF until 2018, resulting in a long-term annual revolving level of \$1.2 billion.

In addition, the President's FY 2009 budget continues to support the **Water Enterprise Bond Initiative**. Under this initiative, Private Activity Bonds (PABs) used to finance wastewater and drinking water infrastructure are exempt from the private activity

bond unified state volume cap. We estimate this initiative will increase capital investment in the Nation's water infrastructure up to \$5 billion per year over time through public-private partnerships. These bonds are intended to complement local efforts to move towards full-cost pricing for wastewater and drinking water services, helping localities become self-financing and minimizing the need for future Federal expenditures.

EPA works closely with partners to evaluate environmental needs and to facilitate the construction of environmental infrastructure along the **United States and Mexico Border**. In FY 2009, EPA will continue to support the construction of infrastructure that will connect and serve the homes of the border area residents with safe drinking water and wastewater treatment. We anticipate the FY 2009 investment of \$10 million will fund 4 to 6 water infrastructure projects, which will benefit approximately 32,000 people, once completed.

Through the **Alaska Rural and Native Village Program**, EPA works with the State of Alaska to provide basic drinking water and sanitation infrastructure to communities in rural and Native Alaska communities. The FY 2009 investment of \$15.5 million will leverage funding to provide an additional 500 to 900 homes in rural Alaska with wastewater service and drinking water that meets public health standards.

WaterSense

Launched in June 2006, EPA's WaterSense program will help to reduce water use across the country by creating an easy-to-identify label for water-efficient products that is backed by strict criteria and independent certification. In less than two years, WaterSense has become a national symbol for water efficiency among utilities, plumbing manufacturers, and consumers. More than 125 different models of high-efficiency toilets

and 30 bathroom faucets have earned the label and almost 600 manufacturers, retailers, utilities and professionals have joined the program as partners. The potential for preserving our water supply for future generations through this voluntary program is great, and in FY 2009 EPA will continue working on new product and program areas. Also in FY 2009, EPA will continue to work with utilities, retailers, distributors, and the media to educate consumers on the benefits of switching to water-efficient products. By promoting this easily recognizable, consistent national brand, EPA believes WaterSense will make water-efficient products the clear and preferred choice among consumers.

Homeland Security-Critical Infrastructure Protection

The security of our nation's water and wastewater infrastructure continues to be a top priority for the EPA and the National Water Program. In FY 2009, EPA is requesting over \$35 million to:

- complete funding of the five Water Security Initiative Pilots,
- provide grants to states for coordination activities for critical water infrastructure security efforts,
- partner with the Water Information Sharing and Analysis Center (WaterISAC) to provide up-to-date security information for drinking water and wastewater utilities
- provide funds for the Water Lab Alliance, which establishes a network of labs by harnessing the range of existing lab resources from the local to the Federal levels,
- provide regional emergency response training, and
- support the Water Alliance for Threat Reduction, which will continue to conduct additional training sessions for drinking water systems serving over 100,000 people.

Wetlands, Watersheds and Oceans

Wetlands provide numerous ecological and economic services: they help to improve water quality; recharge water supplies; reduce flood risks; provide fish and wildlife habitat; offer sites for research and education; and support valuable fishing and shellfish industries. EPA's Wetlands Program works to improve the protection of our nation's wetland resources, in support of the Administration's goals to achieve "no net loss" of wetlands in the Sec. 404 regulatory program and an overall increase in wetland quantity and quality. In FY 2009, EPA will work with its state and Tribal partners to promote up-to-date wetlands mapping tied with GIS analysis, strengthen monitoring and assessment programs to report on wetlands condition, and improve data for managing wetlands within a watershed context. Two key activities will be implementing the 2006 decision of the Supreme Court in *Rapanos*, and working with our Federal agency partners to accelerate the completion of the digital Wetlands Data Layer in the National Spatial Data Inventory (NSDI). The NSDI will enable improved management of the Sec. 404 regulatory program, and voluntary/collaborative wetlands protection efforts.

Watershed protection runs through our budget and strategic plan as one of the overarching principles for clean and healthy communities. Our strategic plan, our daily activities and our proposed FY09 budget all reflect the importance of core regulatory and stewardship programs under the Clean Water Act and Safe Drinking Water Act to prevent pollution and protect source waters. With our partners we launched a Green Infrastructure Strategy on January 17, 2008 to reduce sewer overflows and stormwater runoff. We also continue to urge Congress to enact targeted, bipartisan clean water legislation to encourage "Good Samaritan" cleanup of abandoned hard rock mines. This simple step will remove legal and bureaucratic obstacles, keep environmental safeguards, save tax payer dollars and help clean up watersheds.

We continue to place a high priority on improving states' ability to accurately characterize the condition of their waters. In 2009 we will continue our water quality monitoring initiative, by providing grant funding totaling over \$18.5 million to states and tribes that participate in collecting statistically valid water monitoring data and implement enhancements in their water monitoring programs.

We will also continue our emphasis on protecting oceans and coasts under the President's Ocean Action Plan. Our request supports the National Estuary Program, under which we work with stakeholders to protect the estuarine and coastal waters that are among the most environmentally and economically valuable resources in the nation. The National Estuary Program continues to be an excellent return on our federal investment with over one million acres of habitat protected or restored since 2000. Since 2003, the 28 NEPs around the country have leveraged \$85 million in federal funds to obtain \$1.32 billion in additional resources – a ratio of 15.5 to 1.

I would also like to highlight a number of important regional collaborative efforts.

Great Lakes

The Great Lakes are a unique and extraordinary resource, providing drinking water, food, recreation and transportation to more than 35 million Americans. The EPA Great Lakes Program works with state, local and Tribal partners to restore and maintain the chemical, physical and biological integrity of the Great Lakes Basin Ecosystem. In FY 2009, EPA will give priority to working with states and local communities to achieve improvements in water quality, reducing the number of toxic Areas of Concern. These are areas with damaged fish and wildlife populations, contaminated bottom sediments and past or continuing loadings of toxic and bacterial pollutants. The remediation of

contaminated sediments pursuant to the Great Lakes Legacy Act is critical to the cleanup of the Areas of Concern.

Chesapeake Bay

The Chesapeake Bay Program (CBP) is an important collaborative regional partnership that has led and directed the restoration of the Chesapeake Bay since 1983. In FY 2009, EPA is committed to substantially accelerating the restoration of the Bay's aquatic habitat and achieving the pollution reduction targets for 2010. EPA and the Bay area states are taking a number of steps to make the most cost-effective use of available regulatory, incentive, and partnership tools, including fully implementing base clean water programs in the Bay; supporting implementation of watershed permitting and nutrient trading programs; accelerating Bay cleanup by focusing on the most cost-effective nutrient-sediment control and key habitat restoration strategies; enhancing the use of monitoring, modeling and demonstration projects to target and assess the effectiveness of restoration actions; and strengthening accountability for implementation of restoration measures. We will continue to use the CBP Federal partnership for cooperative conservation to improve access to available financial and technical assistance programs, and link Federal programs to CBP's strategic priorities.

Gulf of Mexico

The Gulf of Mexico Program is another regional collaborative partnership which provides strategic geographic focus on the major environmental issues in another important water body. The Program has been characterized by the Joint Ocean Commission as a national model for State and Federal collaboration on complex coastal issues as a result of its progress in facilitating the aggressive implementation of the Gulf States Governors' Alliance's regional Action Plan.

In FY 2009, EPA will continue to support efforts to reduce nutrient loadings to watersheds and reduce the size of the Gulf of Mexico hypoxic zone by identifying the top 100 nutrient-contributing watersheds in the Mississippi River Basin and using a computer model determine where the major sources of nitrogen and phosphorus are located and where to target reduction efforts. Additionally, the EPA will continue to support the Gulf States allied efforts to manage Harmful Algal Blooms (HABs) by implementing an integrated bi-national early-warning system and reduce contamination of seafood and local beaches through efforts to establish effective microbial source tracking methods and technologies to identify the sources of bacteria. In early 2009, the Mississippi River/ Gulf Hypoxia Task Force will revise the Hypoxia Action Plan to reflect new science and policy tools.

Conclusion

Madam Chair and members of the Subcommittee, thank you for the opportunity to discuss the President's Fiscal Year 2009 budget request for EPA's National Water Program. America's water is a public trust and EPA's Office of Water takes the responsibility of protecting and improving the nation's waters very seriously. The FY 2009 President's Budget request emphasizes our firm resolve towards achieving our strategic goals of protecting and improving our nation's waters and protecting human health. We are committed to leading the nation in advancing innovative solutions to improve and protect water quality, promoting water efficiency and investing in financially and environmentally sustainable water and wastewater infrastructure.

We believe we can achieve the greatest impact and accomplish these strategic goals through sustained and meaningful collaboration with our federal, state, tribal, and

local partners and stakeholders. We look forward to continuing our work with this Subcommittee and to accomplishing these important national goals.

I will be happy to respond to any questions you may have.